



Notice of Public Hearing to Consider Changes to Rates for Water and Sewer Services

Monday, December 3, 2018, at 6:30 p.m.
Council Chambers, 3660 D Street, La Verne CA 91750

Aviso de audiencia pública para considerar cambios en las tarifas de agua y alcantarillado. Si necesita una copia de este aviso en español, comuníquese con la Ciudad de La Verne entre las 8:00 a.m. y las 6:00 p.m., de lunes a jueves, al (909) 596-8744.

Notice is hereby given on Monday, December 3, 2018, the City Council of the City of La Verne will hold a public hearing concerning rates for water and sewer charges. Written comments may be submitted at anytime prior to the hearing to the City Clerk's Office or mailed to City Clerk, City of La Verne, 3660 D Street, La Verne, CA 91750.

This notice has been sent to all property owners and/or customers who currently receive water and/or sewer utility service(s) from the City of La Verne. The hearing before the La Verne City Council will include proposed rate increases for water and sewer services. If adopted, the proposed rate increases would become effective for all municipal service bills prepared on or after January 1, 2019.

WATER CHARGES

The City of La Verne's water rates are comprised of two components: the bi-monthly water meter service charge and the volumetric rate for water.

The water meter service charge is a fixed bi-monthly fee based upon meter size. Revenue generated from the water meter service charge is used to support 75% to 100% of the fixed costs of the water system including such things as personnel services, equipment costs, overhead support fund transfers, various insurances for liability, property damage, environmental hazards, permit fees, and assessments. Fire service charges are based upon size of the connection, which corresponds to the quantity of water flow available to the service for firefighting purposes.

Water volumetric rates are for the specific quantity of water used in 1,000's of gallons. Revenues generated from the volumetric rate generally support variable costs associated with the operation and maintenance of the water system, including such things as wholesale water purchases, energy costs, fuel, water quality testing, and contractual maintenance needs.

The City of La Verne proposes the following rates for water services:

The proposal to be presented to the City Council will not affect bi-monthly meter service charges as they are projected to fund 75% of the fixed operating costs of the water system. **THEREFORE, NO CHANGES ARE BEING CONTEMPLATED TO THE BI-MONTHLY METER SERVICE CHARGES FOR EITHER DOMESTIC SERVICE OR FIRE SERVICE.**

However, it is necessary to consider an increase to the water volumetric rate as follows:

Proposed Water Volumetric Rates:

Zone	Current Volumetric Charge	Proposed Change	Proposed Volumetric Charge (per 1,000 gallons)
1	\$3.55	\$0.37	\$3.92
2	\$3.65	\$0.37	\$4.02
3	\$3.84	\$0.37	\$4.21
4	\$4.05	\$0.37	\$4.42
5	\$4.16	\$0.37	\$4.53
6	\$4.40	\$0.37	\$4.77

If adopted, the proposed rates would be subject to pass-through charges during calendar years 2018 through 2022, which could include increased costs from Southern California Edison or the City's wholesale water supplier, "penalties" or "surcharges" for water use that exceeds the water supply allocation imposed on the City by its wholesale supplier. Should the cost of energy or wholesale water increase any time during this five year period, the volumetric rate may be adjusted to reflect a direct pass-through of the increase as permitted by law.

Water rates were last fully adjusted in 2017 during which time meter charges and the volumetric rates were adjusted to reflect the operational expenses of the water system. At this time, only the volumetric rate is being increased to generate sufficient revenues necessary to fully fund operation of the City's water system.

Factors Considered for Rate Increases: More than 70% of the water delivered in the City of La Verne service area must be purchased from wholesale suppliers. Water purchased from our wholesalers is imported from the Northern California

and Colorado River areas. The cost for such water includes both fixed and variable charges from the wholesalers, both of which continue to increase on a regular basis. Other factors affecting wholesale water costs include legal decisions, environmental mitigations, and regulatory requirements. Additionally, the City has determined that the water system has not been fully reimbursing the City for overhead support obligations and has increased this payment as justified in the *2018 Cost Allocation Study*, which was called for during last year's rate hearing and prepared by an independent financial consultant, HF&H Consultants, LLC. Water rates are calculated based on the cost of the water, the pumping costs required to bring the water to a customer's service address, labor costs, water quality testing, materials costs, emergency fire flow, and other operating expenses associated with maintaining the water system. All revenue derived from the proposed rates and charges will be used exclusively to recover costs associated with providing water service and to fund the required capital improvement program for customers who receive water service from the City of La Verne. The proposed rates are designed to fairly and equitably recover the costs of providing such service from all customer classes.

WASTEWATER CHARGES

The City of La Verne's wastewater (sewer) charges are generally a flat amount for all connections to the City's sewer system. Commercial, industrial, and institutional customer classes are also assessed a consumption charge based upon the amount of water delivered through that particular customer's domestic water meter. Revenues collected from these two sources are used to support operation and maintenance of the City's sewer system and includes such things as personnel, equipment, insurances, permits, and capital improvements.

The City of La Verne proposes the following rates for sewer services:

	Current Rate	Change	Proposed Rate
Bi-Monthly Fee	19.00	\$4.43	\$23.43
Consumption Charge*	\$0.18	\$0.02	\$0.20

* Per 1,000 gallons

Factors Considered for Rate Increases: Sewer rates are calculated based on the cost of system maintenance, the cost of implementing environmental regulations, labor costs, materials costs, and other operating expenses associated with maintaining the sewer system. A portion of the proposed rate increase is attributed the *2018 Cost Allocation Study*, which was prepared by an independent financial consultant, and demonstrated that the sewer system was only funding about 57% of its obligations for overhead support services. The proposed charges are levied per customer and not per parcel. All revenue collected from these rates will be used exclusively to recover costs associated with providing sewer service and to fund the required capital improvement program for customers who receive service from the City of La Verne.

Public Hearing

At the public hearing, the City will hear and consider all objections or protests to the proposed resolution. If you are the property owner or customer of record for a parcel or parcels subject to the proposed rate changes, you may submit a written protest against the proposed rate increase to the City Clerk at or before the time set for the public hearing.

Written protests regarding the proposed rate changes may be mailed to: City of La Verne, City Clerk, 3660 D Street, La Verne, CA 91750. Written protests may also be personally delivered to the City Clerk at this address. To be valid, a protest must be in writing and received by the City Clerk at or before the time of the protest hearing.

You may obtain information on the amount to be charged for services to your specific parcel by contacting the City of La Verne between the hours of 8:00 a.m. to 6:00 p.m., Monday through Thursday, at (909) 596-8744.